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LEASE OF IMPROVED SPACE

THIS LEASE, dated this 23RD day of OCTOBER, 1989, is entered into by and between THE PORT OF PORTLAND, a port district of the State of Oregon (hereinafter referred to as "Port"), and BOISE CASCADE CORPORATION, a corporation organized under the laws of the State of Delaware (hereinafter referred to as "Lessee").

ARTICLE I. - AGREEMENT TO LEASE, DESCRIPTION OF PREMISES

Section 1.1 - Agreement to Lease: The Port hereby leases to Lessee, and Lessee leases from the Port on the terms and conditions stated below, approximately 1.5 acres of paved yard area located at Port Terminal No. 1 in Portland, Oregon, identified on Drawing No. 77 89-7, attached hereto as Exhibit A and made a part hereof, and any existing improvements thereon, and appurtenances thereto, (hereinafter referred to as "Premises"). Upon construction or installation of any improvements or additional improvements in, under, or upon the Premises, including without limitation any landscaped areas, fences, walls, paved areas, utility distribution facilities, or signs (each an "Improvement" and collectively the "Improvements"), such Improvement(s) shall become a part of the Premises unless otherwise stated herein.

Section 1.2 - Appurtenant Rights: Lessee shall have the non-exclusive, appurtenant right to use the following: 1) Gates 12 and 10 shown on Exhibit A, 2) an approximately 60 feet wide access way located

southwesterly of the Premises between the southwesterly corner of the Premises and Gate 10 as approximately shown on Exhibit A. Lessee shall cooperate with the Port, its lessees and agents in the use and security of said gates and access ways.

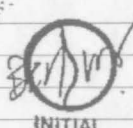
Section 1.2 - Use of Premises: The Lessee shall use the Premises only for the following purpose(s): parking of the Lessee's truck tractors and truck trailers.

1.2.1 No other use shall be made of the Premises without the written approval of the Port. Without limiting the foregoing, no use may be made of, on, or from the Premises relating to the handling, storage, disposal, transportation, or discharge of hazardous substances, as defined in Section 6.3, without the written approval of the Port.

1.2.2 The Lessee shall not use or permit in the Premises anything that shall increase the rate of fire insurance thereon or prevent the Port taking advantage of any ruling of the Insurance Services Office of Oregon or its successors, that would allow the Port to obtain reduced rates for long-term insurance policies; or maintain anything that may be dangerous to life or limb; or in any manner deface or injure said Premises or any portion thereof; or permit anything to be done upon the Premises in any way tending to create a nuisance or to disturb any nearby tenants; and that the Lessee shall comply at the Lessee's own cost and expense with

all orders, notices, regulations, or requirements of any municipality, state, or other governmental authority respecting the use of said the Premises.

ARTICLE II. - TERM

Section 2.1 - Term: The term of this Lease shall commence on November 1, 1989, and the term shall continue through October 31, 1990 ("Lease Term"). Thereafter, if the Lessee is not then in default, this Lease shall continue on a month to month basis, until terminated by the Port or Lessee upon either party giving 90 days written notice, but in no event shall continue beyond June 30, 1992.  INITIAL
~~which notice may not be given prior to November 1, 1990,~~

ARTICLE III. - RENTAL

Section 3.1 - Basic Rent: The Lessee shall pay, in advance, to the Port as rent the sum of \$1,960.20 per month (hereinafter "Basic Rent").

Section 3.2 - Time and Place of Payments: Payments are due on the first day of each month and delinquent if not paid when due, except that, upon execution of this Lease, Lessee shall pay the Port its monthly Basic Rent due for the first full calendar month of the Lease Term together with its monthly Basic Rent due for the initial partial calendar month, if any. Each monthly Basic Rent shall be paid when due, without notice or demand and without any abatement, deduction, or set-off. In the event the Lease commences after the first day of a month, the Basic Rent for the first month shall be prorated based on the number of days in the first partial calendar month.

3.2.1 Payment shall be to the Port at The Port of Portland, Post Office Box 5095, Portland, Oregon 97208, or such other place as the Port may designate. All amounts not paid by the Lessee when due shall bear a delinquency charge at the rate of 18% per annum. The delinquency charge on overdue accounts is subject to periodic adjustment to reflect the Port's then current charge for overdue accounts.

3.2.2 Security Deposit In addition to payments of Basic Rent Rent, the Lessee shall deposit with the Port, upon execution of this Lease, the sum of \$1,000 as security for the Lessee's full and faithful performance and observance of its obligations under this Lease. Such security deposit shall not earn interest on account of Lessee and shall not be considered an advance payment of rent or a measure of the Port's damages in the event of a default by the Lessee. If the Lessee defaults in the performance of any of its obligations under this Lease, including without limitation the payment of Basic Rent, the Port may, but shall not be obligated to, use, apply, or retain all or any part of the security deposit to the extent required for the payment of any amount in default or any amount which the Port may expend or incur by reason of the Lessee's default. If the Port so uses, applies, or retains all or any part of the security deposit, the Lessee shall upon demand immediately deposit with the Port an amount equal to the amount so used, applied, or retained. If the Lessee fully and faithfully performs and observes all of its obligations under this Lease, the security deposit or any balance thereof shall be refunded to the Lessee within 30 days after the expiration of

this Lease and delivery to the Port of possession of the Premises and all payments required to be made by the Lessee hereunder. In the event of any sale of the Port's interest in the Premises, the Port shall have the right to transfer the security deposit to the purchaser thereof and the Port shall thereupon be released by the Lessee from all liability for refund of the security deposit.

Section 3.3 - Acceptance of Late Rent: The Port shall be entitled, at its sole and complete discretion, to either accept or reject a tender payment of Basic Rent or Additional Rent which is not paid when due. In the event the Port elects to accept a tender of payment of rent after the time when such payment was due, the Port may do so without thereby waiving any default based upon the failure of Lessee to make such payment when due and without waiving Lessee's continuing obligation to make such payments when required under the terms of this Lease. Lessee hereby acknowledges that this constitutes a waiver by Lessee of any argument that by accepting a late payment of rent, the Port has waived any default which is based upon such late payment or has waived Lessee's continuing obligation to make such payments when and as required by the terms of this Lease.

ARTICLE IV. - LESSEE'S OTHER OBLIGATIONS

Section 4.1 - Construction of Improvements/Alterations: At least 45 days prior to any construction, alteration, demolition, or changes upon the Premises or Improvements, the Lessee shall submit to the Port final plans and specifications, and site-use plan thereof and shall not commence

any construction until it has received the Port's written approval.

Should the Port fail to take action concerning plans and/or specifications submitted to it within 45 days, said plans and/or specifications shall be deemed approved.

4.1.1 No such work shall be undertaken until Lessee has procured and paid for, so far as the same may be required from time to time, all municipal and other governmental permits and authorizations required with respect to the work. Procurement of such permits and authorizations shall be subsequent to Lessee's obtaining Port approval pursuant to Section 4.1.

4.1.2 All work shall be performed in a good and workmanlike manner and, in the case of alterations or additions to existing Improvements, shall be of such quality and type that, when completed, the value and utility of the Improvements which were changed or altered shall be not less than the value and utility of such Improvements immediately before such change or alteration.

Section 4.2 - Maintenance: Lessee shall keep and maintain the Premises and Improvements of any kind, which may be erected, installed, or made thereon by the Lessee or the Port, in good and substantial repair and condition and shall promptly make all necessary repairs and alterations thereto at Lessee's sole expense. The Lessee shall provide at, the Lessee's expense, proper containers and removal service for trash and garbage and shall keep the Premises free and clear of rubbish, debris, and

litter at all times. Without limiting the generality of the foregoing, Lessee shall maintain the roadways and parking areas within the Premises in good and serviceable condition, free of snow, ice, debris, potholes, and obstructions, and with an easily traversable surface for vehicle traffic.

Section 4.3 - Taxes: Unless exempt, the Lessee agrees to pay all taxes and assessments which arise as a result of Lessee's interest in this Lease and which during the term hereof or any extension may become a lien or which may be levied by the state, county, city, or any other tax-levying body upon the Premises or Improvements or upon any taxable interest by the Lessee acquired in this Lease, or any taxable possessory right which the Lessee may have in or to the Premises or the Improvements thereon by reason of its occupancy thereof, as well as all taxes on all taxable property, real or personal, owned by the Lessee in or about said Premises. Upon making such payments, the Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. The Lessee understands that if the term of this Lease or any extension thereof shall end after June 30 of any year, the Lessee shall be responsible for payment of property taxes for the entire tax year without proration.

Section 4.4 - Liens: The Lessee agrees to pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies, utilities, furnishings, machinery, or equipment which have been furnished or ordered with the Lessee's consent.

to be furnished to or for the Lessee in, upon, or about the Premises or Improvements, which may be secured by any mechanic's, materialsmen's, or other lien against the Premises or Improvements or the Port's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, provided that the Lessee may in good faith contest any mechanic's or other liens filed or established, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest, provided that the Port may require the Lessee to procure a payment bond in the amount of the contested lien.

Section 4.5 - Utilities: The Lessee shall promptly pay any charges for telephone and all other charges for utilities which may be furnished to the Premises at the request of the Lessee, Lessee's agents or employees, or anyone acting on behalf of Lessee.

Section 4.6 - Safety Requirements: The Lessee shall conduct its operations, activities and duties under this Lease in a safe manner, and shall comply with all safety standards imposed by applicable federal, state and local laws and regulations. The Lessee shall require the observance of the foregoing by all subcontractors and all other persons transacting business with or for the Lessee in any way connected with the conduct of the Lessee pursuant to this Lease.

Section 4.7 - Access to Premises: The Port shall at all times during ordinary business hours have the right to enter upon the Premises and Improvements for the purposes of: (1) inspecting the same; (2) confirming the performance by Lessee of its obligations under this Lease; (3) doing any other act which the Port may be obligated or have the right to perform under this Lease, or reasonably related thereto; and (4) for any other lawful purpose. Such inspections shall be made only at a mutually agreeable time to all parties except in cases of emergency or pursuant to Section 4.7.1.

Section 4.8 - Hazardous Substances Spills and Releases: In the event the Port approves the handling or storage of Hazardous Substances, or otherwise, Lessee shall immediately notify the Port upon becoming aware of: (1) any leak, spill, release or disposal of a Hazardous Substance, as defined in Section 6.3, on, under or adjacent to the Premises or threat of or reasonable suspicion of any of the same; and/or (2) any notice or communication from a governmental agency or any other person directed to the Lessee or any other person relating to such Hazardous Substances on, under, or adjacent to the Premises or any violation of any federal, state, or local laws, regulations or ordinances with respect to the Premises or activities on the Premises.

4.8.1 In the event of a leak, spill or release of a Hazardous Substance on the Premises or the threat of or reasonable suspicion of the same, Lessee shall immediately undertake all emergency response necessary to contain, clean up and remove the Hazardous Substance and shall undertake within a reasonable time all investigatory, remedial and/or caused by Lessee, its invitees, customers, suppliers, guests, or contractors,

removal action necessary or appropriate to ensure that any contamination by the Hazardous Substances is eliminated. The Port shall have the right to approve all investigatory, remedial and removal procedures and the company(ies) and/or individual(s) conducting said procedures. Within 30 days following completion of such investigatory, remedial and/or removal action, Lessee shall provide the Port with a certification acceptable to the Port that all such contamination has been eliminated.

ARTICLE V. - PORT WARRANTIES

Section 5.1 - Delivery:

5.1.1 In the event the Port is unable to deliver possession of the Premise on November 1, 1989, the Lessee shall owe no rent until notice from the Port tendering possession to the Lessee. If possession is not so tendered within 60 days following November 1, 1989, then the Lessee may elect to cancel this Lease by notice to the Port within 10 days following expiration of the 60 day period. The Port shall have no liability to the Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

5.1.2 In the event the Port shall permit the Lessee to occupy the Premises prior to the occupancy date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

Section 5.2 - Port's Warranty of Ownership: The Port warrants that it is the owner of the Land and has the right to lease said Premises under the terms of this Lease. Subject to the Lessee performing all obligations of this Lease, the Lessee's possession of the Premises will not be disturbed by the Port or anyone lawfully claiming by, through or under the Port and the Port will defend the Lessee's right to quiet enjoyment of the Premises from disturbance by anyone lawfully claiming by, through or under the Port.

Section 5.3 - Condition of Premises: The Port makes no warranties or representations regarding the condition or available lawful uses of the Premises. The Lessee has inspected and accepts the Premises in an "as is" condition upon taking possession, and the Port shall have no liability to the Lessee for any damage or injury caused by the condition or available lawful uses of the Premises.

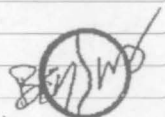
ARTICLE VI. - LIABILITY, INDEMNITY, INSURANCE, DAMAGE AND DESTRUCTION

Section 6.1 - Liability: The Port shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Port, or for any damage to person or property resulting from any condition of the Premises or other cause, including but not limited to damage by water, not resulting from the negligence of the Port.

Section 6.2 - General Indemnity: The Port shall not in any event be liable for any injury to any person or damage to any property occurring on or about the Premises, unless such injury or damage results from the wilful acts or gross negligence of the Port. Lessee covenants and agrees to indemnify and hold harmless the Port, its commissioners, directors, officers, agents, and employees from and against any and all actual or potential liability, claims, demands, damages, expenses, fees (including attorneys', accountants', and paralegal fees), fines, penalties, suits, proceedings, actions, and causes of action which may be imposed upon or incurred by the Port due to the acts or omissions of any person or entity whatsoever (excluding only the wilful acts or gross negligence of the Port), and which: (1) arise from or are in any way connected with Lessee's use, occupation, management or control of the Premises whether or not due to Lessee's wilful act or omission or gross negligence and whether or not occurring on the Premises; or (2) result from any breach, violation, or nonperformance by Lessee of any of its obligations under this Lease.

Section 6.3 - Hazardous Substances Indemnity: In addition to the indemnity provided in Section 6.2 above, the Lessee agrees to indemnify, save, and hold harmless the Port, its commissioners, officers, agents, and employees from and against all damages, costs, liabilities, and expenses caused by, arising out of, or in connection with, the handling, storage, discharge, transportation, or disposal of hazardous or toxic wastes or substances, pollutants, oils, materials, regulated substances, or

contaminants, as those terms are defined by federal, state, or local law or regulation ("Hazardous Substances"), including but not limited to, the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. §6901 et. seq.); the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 U.S.C. §9601, et. seq.); Superfund Amendment and Reauthorization Act of 1986 (SARA) (P.L. 99-499, October 17, 1986) as amended; the Toxic Substances Control Act (15 U.S.C. §2601, et. seq.); the Clean Water Act (33 U.S.C. §1251, et. seq.); the Clean Air Act (42 U.S.C. §7401 et. seq.); the Solid Waste Disposal Act (42, U.S.C. §3251, et. seq.); 1985 Oregon Laws Chapter 733; and 1987 Oregon Laws Chapter 540, as the same may be amended from time to time, (collectively "Environmental Law"), on the Premises by Lessee ^{or its invitees, customers, suppliers, guests} ~~or any other person or entity other than~~ ~~or contractors,~~ ~~the Port,~~ during the Lease Term, including, but not limited to: (a) claims of third parties, including governmental agencies, for damages, response costs, indolences or other relief; (b) the cost, expense or loss to the Port of any injunctive relief, including preliminary or temporary injunctive relief, applicable to the Port or the Premises; (c) the expense, including fees of attorneys, engineers, paralegals and experts, reporting the existence of said hazardous substances or contaminants to any agency of the State of Oregon or the United States as required by applicable laws or regulations; (d) any and all expenses or obligations, including attorneys' and paralegal fees, incurred at, before, and after any trial or appeal therefrom or any administrative proceeding or appeal therefrom whether or not taxable as costs, including, without limitation, attorneys' and paralegal fees, witness fees (expert and otherwise).


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deposition costs, copying and telephone charges and other expenses, all of which shall be paid by Lessee promptly after the Port incurs the obligation to pay such amounts. Such damages, costs, liabilities and expenses shall include such as are claimed to be owed by any regulating and administering agency. As used in Article VI, the word "Premises" shall be deemed to include the soil and water table thereof.

6.3.1 Promptly upon written notice from the Port or from any governmental entity, the Lessee shall remove from the Premises (including without limitation the soil or water table thereof) all Hazardous Substances; which occurred during the Lessee's use or occupancy of the Premises, and shall restore the Premises to clean, safe, good, and serviceable condition. Any such cleanup shall be in conformance with all applicable governmental rules and regulations.

Section 6.4 - Duty to Defend: Lessee shall, at its sole expense, defend any and all actions, suits, and proceedings relating to matters covered by the indemnity set forth in Section 6.1 which may be brought against the Port or in which the Port may be impleaded, and shall satisfy, pay, and discharge any and all judgments, orders, and decrees that may be entered against the Port in any such action or proceeding.

Section 6.5 - Insurance:

6.5.1 The Lessee shall maintain an occurrence form commercial general and automobile liability insurance policy or policies for the protection of the Lessee and the Port, its commissioners, directors,

officers, servants, and employees, insuring the Lessee and the Port against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises or occasioned by reason of the operations of the Lessee on or from the Premises with insurance limits of not less than \$1,000,000 combined single limit.

6.5.2 All insurance shall name the Port, its commissioners, officers, and employees as additional insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee.

6.5.3 The Lessee shall furnish to the Port a certificate(s) of insurance evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance shall remain in full force during the term hereof and shall provide for not less than 30 days written notice to the Port and the Lessee before such policies may be revised, nonrenewed, or cancelled. Upon request, the Lessee shall provide the Port with a copy or copies of any insurance policy provided pursuant to this Lease.

6.5.4 The Port shall have the right to review the limits of insurance required herein from time to time. In the event the Port determines that such limits should be increased or lowered, the Port will provide notice to the Lessee of such determination. The Lessee shall, if

the limits are increased, modify its coverage to comply with the new limits and provide the Port with an updated certificate.

Section 6.6 - Waiver of Subrogation: The Port and the Lessee agree that each forfeits any right of action that it may later acquire against the other of the parties to the Lease for loss or damage to its property, or to property in which it may have an interest, to the extent that such loss is covered by the provision of the Lessee's property damage policy or policies.

Section 6.7 - Damage or Destruction of Premises: If the Premises or Improvements are damaged or destroyed by fire or other casualty, the Port shall have the option and shall within 60 days from the damage or destruction, notify the Lessee in writing whether or not the Port elects to repair, rebuild, restore the Premises or to terminate this Lease.. Upon giving such notice to terminate, this Lease shall terminate on the date specified in the notice. The Port shall be entitled to all proceeds of insurance.

ARTICLE VII. - TERMINATION

Section 7.1 - Termination by the Port: The Port shall be entitled to terminate this Lease as provided herein and as otherwise provided by law.

Section 7.2 - Termination by Lessee: The Lessee shall be entitled to terminate this Lease as provided herein and as otherwise provided by law.

Section 7.3 - Duties on Termination: Upon termination of the Lease for any reason, the Lessee shall deliver all keys to the Port and surrender the Premises and Improvements in good condition. Alterations constructed by the Lessee with permission from the Port shall not be removed, unless the terms of permission for the alteration so require, but shall be restored to the original condition. Depreciation and wear from ordinary use for the purpose for which the Premises were let need not be restored, but all repair for which the Lessee is responsible shall be completed to the latest practical date prior to such surrender. The Lessee's obligations under this paragraph shall be subordinate to the provisions of Section 6.6, related to destruction.

Section 7.4 - Title to Improvements: Upon termination of this Lease by the passage of time or for any reason, the Port shall have the option to either require removal of any or all Improvements within 10 days after the expiration of the Lease at the Lessee's expense or shall have the option to take title to any or all such structures, installations, and Improvements.

Section 7.5 - Holding Over: If the Lessee shall hold over after the expiration or termination of the Lease Term or any extension thereof with the consent of the Port, and shall not have agreed in writing with the Port upon the terms and provisions of a new lease prior to such expiration, the Lessee shall remain bound by all terms, covenants, and

agreements hereof, except that: (1) the tenancy shall be one from month-to-month subject to the payment of all rent in advance, the monthly rate being proportional to the previous Basic Rent; (2) title to Improvements shall have vested in the Port pursuant to Section 7.4 hereof, unless the Port provided Lessee with notice to remove such; (3) the Port shall have the right to adjust the rental payments, charges or use fees upon ⁹⁰ 30 days written notice to the Lessee; and (4) such month-to-month tenancy may be terminated at any time by written notice from the Port to ^{for any period beginning after January 31, 1991;} the Lessee. In the event of hold over beyond June 30 of any year, the Lessee shall be responsible for payment of property taxes for the entire tax year without proration.

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Section 7.6 - Environmental Audit: In the event the Port suspects ^{reasonably} that Lessee has caused environmental pollution or contamination on the Premises or adjacent property, the Port may, at or near the expiration of this Lease by time or other termination, require the Lessee, at its cost, to conduct an environmental audit of the Premises acceptable to the Port to determine if any environmental contamination exists which occurred during the Lessee's use or occupancy of the Premises. The Port shall have the right to approve the audit procedures and the company or individual conducting said audit and shall be given an original copy of the results. If the audit is conducted prior to the end of the possession of the Premises by Lessee, Lessee shall provide to the Port a supplemental up-date report as of the last day of the Lessee's possession. The Lessee shall promptly remedy any contamination which occurred during the Lessee's

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use or occupancy of the Premises revealed by such audit in accordance with the then applicable regulations prior to the expiration of the Lease. Term. Lessee, upon termination of the Lease for any reason other than expiration of time, shall conduct the environmental audit as required by this Section. The Port, if necessary, will grant Lessee a Permit of Entry for such purpose. In the event the Lessee fails to promptly remedy the contamination, the Port shall have the right to remedy such contamination and charge the Lessee all such costs. The Lessee agrees to pay to Port such costs within 30 days after receipt of invoice from the Port, such right to be in addition to any other remedy available to the Port as provided herein, at law, or by equity.

7.6.1 Until such time as Lessee has fulfilled all the requirements of this Section 7.7, the Port may, at the Port's option, treat the Lessee as a holdover tenant and all provisions pursuant to Section 7.5 shall apply.

7.6.2 If the Lessee does not conduct said audit as required herein, the Port may, at its sole option, complete said audit at the Lessee's expense. Until said audit and any remedial actions as required to restore the Premises to an acceptable condition are completed, the Lessee shall not be released from any liability for such costs.

ARTICLE VIII. - DEFAULT

Section 8.1 - Events of Default: The following shall be events of default:

8.1.1 Default in Rent: Failure of the Lessee to pay any rent or other charge as provided herein within 10 days after it is due.

8.1.2 Default in Other Covenants: Failure of the Lessee to comply with any term or condition or fulfill any obligation of the Lease (other than the payment of rent or other charges) within 30 days after written notice by the Port specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 30 day period, this provision shall be complied with if the Lessee begins correction of the default within the 30 day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

8.1.3 Insolvency: To the extent permitted by the United States Bankruptcy Code, insolvency of the Lessee; an assignment by the Lessee for the benefit of creditors; the filing by the Lessee of a voluntary petition in bankruptcy; an adjudication that the Lessee is bankrupt or the appointment of a receiver of the properties of the Lessee and the receiver is not discharged within 30 days; the filing of an involuntary petition of bankruptcy and failure of the Lessee to secure a dismissal of the petition within 30 days after filing; attachment of or the levying of execution on the leasehold interest and failure of the Lessee to secure discharge of the attachment or release of the levy of execution within 10 days.

8.1.4 Abandonment: Failure of the Lessee for 30 days or more to occupy the Premises for one or more of the purposes permitted under this Lease unless such failure is excused under other provisions of this Lease.

Section 8.2 - Remedies on Default:

8.2.1 In the event of a default under the provisions of Section 8.1, the Port at its option may terminate the Lease and at any time may exercise any other remedies available under law or equity for such default. Any notice to terminate may be given before or within the grace period for default and may be included in a notice of failure of compliance. No termination of this Lease pursuant to this Section 8.2 shall relieve Lessee of its liabilities and obligations under this Lease, and any damages shall survive any such termination.

8.2.2 If Lessee fails to perform any of its obligations under this Lease, the Port, without waiving any other remedies for such failure, may (but shall not be obligated to) perform such obligation for the account and at the expense of the Lessee, without notice in a case of emergency, and in any other case if such failure continues for 15 days after written notice from the Port specifying the nature of the failure. The Port shall not be liable to Lessee for any claim for damages resulting from any such action by the Port. Lessee agrees to reimburse the Port upon demand for any expenses incurred by Lessor pursuant to this Lease together with interest thereon from the date of payment at the Port's then current interest rate.

8.2.3 Suit(s) or action(s) for the recovery of the rents and other amounts and damages, or for the recovery of possession may be brought by landlord, from time to time, at landlord's election, and nothing in this Lease will be deemed to require landlord to await the date on which the Lease Term expires. Each right and remedy in this Lease will be cumulative and will be in addition to every other right or remedy in this Lease or existing at law or in equity or by statute or otherwise, including, without limitation, suits for injunctive relief and specific performance. The exercise or beginning of the exercise by landlord of any such rights or remedies will not preclude the simultaneous or later exercise by landlord of any other such rights or remedies. All such rights and remedies are nonexclusive.

ARTICLE IX. - GENERAL PROVISIONS

Section 9.1 - Assignment and Sublease:

9.1.1 This Lease is personal to the Lessor and the Lessee. Except as provided herein, no part of the Premises nor any interest in this Lease may be assigned, mortgaged, or subleased, nor may a right of use of any portion of the Premises be conveyed or conferred on any third person by any other means, without the prior written consent of the Port. Any assignment or attempted assignment without the Port's prior written consent shall be void. This provision shall apply to all transfers by operation of law. If the Lessee is a corporation, this provision shall apply to any sale of a controlling interest in the stock of the corporation.

9.1.2 No Consent in one instance shall not prevent this provision from applying to a subsequent instance.

9.1.3 Other than the subleases for which the Port has given written consent concurrently with this Lease, in determining whether to consent to sublease, the Port may consider any factor, including the following factors: financial ability; business experience; intended use. The Port may require increased rent prior to consent if the use is retail.

Section 9.2 - Nonwaiver: Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision. The Port's acceptance of a late payment of rent does not waive any preceding or subsequent default other than the failure to pay the particular sum accepted.

Section 9.3 - Attorney's Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal as allowed by the appellate court.

Section 9.4 - Law of Oregon: This Lease shall be governed by the laws of the State of Oregon. If a court of competent jurisdiction declares this Lease to be a public contract under ORS Chapter 279, then the parties agree that the contract provisions required by ORS Chapter 279 to be included in public contracts are hereby incorporated by reference and shall become a part of this Lease as if fully set forth herein.

Section 9.5 - Adherence to Law: The Lessee shall adhere to all applicable Federal, State, and local laws, rules, regulations, and ordinances, including but not limited to (1) laws governing its relationship with its employees, including but not limited to laws, rules, regulations, and policies concerning Worker's Compensation, and minimum and prevailing wage requirements; (2) laws, rules, regulations and policies relative to occupational safety and health, (3) all federal, state, regional and local laws, regulations and ordinances protecting the environment, and (4) all laws and regulations regarding the handling and disposal of Hazardous Wastes.

9.5.1 Lessee shall not use or allow the use of the Premises or any part thereof for any unlawful purpose or in violation of any certificate of occupancy, any certificate of compliance, or of any other certificate, law, statute, ordinance, or regulation covering or affecting the use of the Premises or any part thereof. Lessee shall not permit any act to be done or any condition to exist on the Premises or any part thereof which may be hazardous, which may constitute a nuisance, or which may void or make voidable any policy of insurance in force with respect to the Premises.

9.5.2 The Lessee shall promptly provide to the Port copies of all notices or other communications between the Lessee and any governmental entity which relate to the Lessee's noncompliance or alleged noncompliance with any law, ordinance, regulation, condition, or other applicable requirement lawfully imposed by any agency, governmental body, or quasi-governmental body having jurisdiction over the Lessee's use of the Premises.

9.5.3 Lessee shall obtain, and promptly advise the Port of receipt of all federal, state, or local governmental approvals or permits required by law or regulation for any activity or construction that Lessee may undertake on the Premises. Lessee shall provide the Port with copies of all such approvals and permits received by Lessee.

Section 9.6 - No Light or Air Easement: The reduction or elimination of the Lessee's light, air, or view will not affect the Lessee's liability under this Lease, nor will it create any liability of the Port to the Lessee.

Section 9.7 - Time of Essence: Time is of the essence of each and every covenant and condition of this Lease.

Section 9.8 - Warranty of Authority: The individuals executing this Agreement warrant that they have full authority to execute this Lease on behalf of the entity for whom they are acting herein.

Section 9.9 - Headings: The article and section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provisions of this Lease.

Section 9.10 - Delinquency Charges: Lessee acknowledges that late payment by Lessee to the Port of any rent due hereunder will cause the Port to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Accordingly, if any rent is not received by the Port when it is due, Lessee shall pay to the Port a delinquency charge in accordance with Section 3.4. The parties hereby agree that such delinquency charge represents a fair and reasonable payment by Lessee. Acceptance of any delinquency charge by the Port shall in no event constitute a waiver of Lessee's default with respect to the overdue amount in question, nor prevent the Port from exercising any of the other rights and remedies granted hereunder.

Section 9.11 - Consent of Port:

9.11.1 Subject to the provisions of Section 9.1, whenever consent, approval or direction by the Port is required under the terms contained herein, all such consent, approval, or direction shall be received in writing from the Executive Director of The Port of Portland.

9.11.2 If Lessee requests the Port's consent or approval pursuant to any provision of the Lease and the Port fails or refuses to give such consent, Lessee shall not be entitled to any damages as a result of such failure or refusal, whether or not unreasonable, it being intended the Lessee's sole remedy shall be an action for specific performance or injunction, and that such remedy shall be available only in those cases in which the Port has in fact acted unreasonably and has expressly agreed in writing not unreasonably to withhold its consent or may not unreasonably withhold its consent as a matter of law.

Section 9.12 - Notices: All notices required under this Lease shall be deemed to be properly served if served personally sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, Post Office Box 3529, Portland, Oregon 97208, or 700 N.E. Multnomah, Portland, Oregon, 97232, and to the Lessee, 2017 NW Vaughn, Portland, Oregon 97210. Date of Service of such notice is date such notice is deposited in a post office of the United States Post Office Department, postage prepaid.

Section 9.13 - Modification: Any Modification of the Lease shall be mutually agreed upon and reduced to writing and shall not be effective until signed by the parties hereto.

Section 9.14 - No Benefit to Third Parties: The Port and the Lessee are the only parties to this Lease and as such are the only parties entitled to enforce its terms. Nothing in this Lease gives or shall be construed to give or provide any benefit, direct, indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its terms.

Section 9.15 - Abandonment: Upon abandonment or vacation of the Premises by the Lessee prior to the expiration of the Lease Term without written consent of the Port endorsed hereon, the Port may forthwith enter upon the Premises or any portion thereof and relet and otherwise exercise control over the same and that for the purpose of such reletting the said Port is authorized at the cost of the Lessee to make any repairs, changes, alterations, or additions in or to said demised Premises which may be necessary in the opinion of the Port for the purpose of such reletting and compliance with all applicable laws, and such entry and control shall not release the Lessee from the obligations herein, but the Lessee shall nevertheless remain liable and continue bound, unless the Port, at the Port's election, shall cancel the Lease and in the event cancellation shall be effected and the Port and the Lessee released from all obligations thereunder thereafter to accrue, upon the mailing of such notice of cancellation by the Port to the Lessee at the Lessee's last known address. In the event of abandonment, the title to the Improvements shall automatically be vested in the Port.

Section 9.16 - Partial Invalidity: If any provision of this Lease or the application thereof to any person or circumstance is at any time or to any extent, held to be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 9.17 - Survival: All agreements (including, but not limited to, indemnification agreements) set forth in this Lease, the full performance of which are not required prior to the expiration or earlier termination of this Lease, shall survive the expiration or earlier termination of this Lease and be fully enforceable thereafter.

Section 9.18 - Entire Agreement: It is understood and agreed that this instrument contains the entire Agreement between the parties hereto. It is further understood and agreed by the Lessee that the Port and the Port's agents have made no representations or promises with respect to this Agreement or the making or entry into this Agreement, except as in this Agreement expressly set forth, and that no claim or liability or cause for termination shall be asserted by the Lessee against the Port

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for, and the Port shall not be liable by reason of, the breach of any representations or promises not expressly stated in this Agreement, any other oral agreement with the Port being expressly waived by the Lessee.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

LESSEE

By [Signature]

THE PORT OF PORTLAND

By [Signature]
EXECUTIVE DIRECTOR

By _____


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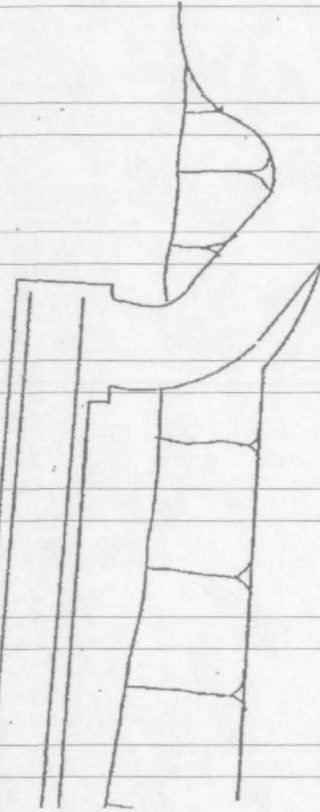
[Signature]
Counsel for Lessee

APPROVED AS TO LEGAL
SUFFICIENCY

[Signature]
Counsel for The Port of
Portland

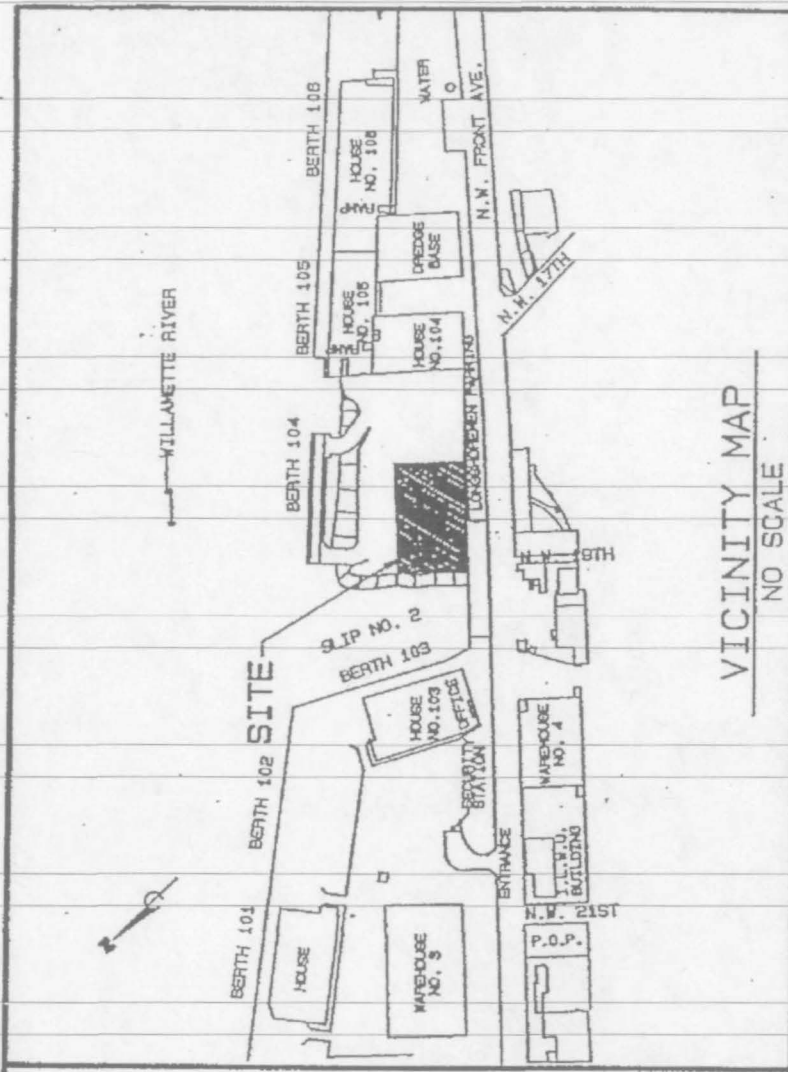
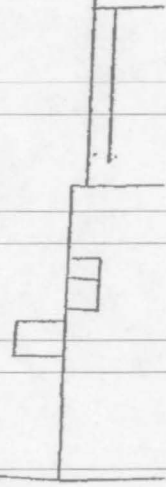


104
BERTH



105-BERTH

HOUSE No. 105



VICINITY MAP
NO SCALE